

Residents voluntarily gave the government the right to rule the country in countries with multi-party democracy, but they should be involved in the political process to monitor good governance. The aim is to provide all citizens full life and social justice and to the social, religious and national sphere there is harmony.

Today democracy exists in all regions of the world. The desire of mankind to have a caring government, to value the dignity of every life and ensure the rule of law is such a driving force of democracy.

World democracy will progress. New Democracy will occasionally occur sometimes due to the death of the old dictator or spontaneous collapse of illiberal regime. Authoritarian states that are most successful in socio-economic terms, perhaps in the next decade will move to world democracy, a measure of how their citizens gaining increasing prosperity, will require greater political freedoms.

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## **PERSONAL INCOME TAX IN UKRAINE: CONSIDERATION OF THE WORLD EXPERIENCE**

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Taxes are financial category which affects economic phenomena and processes of social development of the country. They are mandatory attribute of the state, regardless of model and policy of its development. This is a very dangerous tool at the disposal of the state and without scientific concept of tax policy they can slow down its economic development of the country.

There are two types of tax payers in Ukraine: residents of Ukraine and non-residents. Individuals who are tax residents of Ukraine are subjected to personal income tax on their worldwide income. Non-resident individuals are taxed only on income from Ukrainian sources.

The Tax Service of Ukraine notes that the object of taxation (for both residents and non-residents) is, in particular, the total monthly (annual) taxable income consisting of the sum of taxable income accrued (paid or provided) for a tax reporting period.

The Tax Code also introduces a number of significant amendments to the way individual taxpayers are taxed. Since January 1, 2015 Ukrainian legislation provides

new personal income tax rates.

Currently personal income tax rates are as follows: 15% - for monthly amount of income not exceeding 10 minimum salaries, namely UAH 12 180; 20% - for income that exceeds 10 minimum salaries (i.e. UAH 12 180).

Till December 31, 2014 personal income tax rate for the income exceeding UAH 12 180 was 17%. Tax rate for passive income of individuals, namely interests, investment income, royalty has been increased from 15% to 20%.

Analysis of the international tax practice shows that the multiscale tax reforms of the tax system were held in most countries during the last 20 years.

The problem of tax reform in Ukraine is not new, it is constantly debated in the scientific community, also among experts, by the media and even by ordinary citizens. It's time to make some innovation in this area which will create conditions for further effective development of Ukrainian society, modernization of the economy, establishing new priorities of social and economic development.

There are few possible directions of modernization of the existent tax mechanism in Ukraine: 1. Expanding the tax base: it will help to tax all income, except of target-taxes that are paid from the state funds, or received as compensation, reimbursement of certain costs. Settlement of tax revenues from intellectual property and independent professional activity that leads to significant budget spending. 2. Tax rates: establishment of progressive taxation received as salary from using moderate rates with reducing the tax burden on taxpayers with low and moderate incomes, and higher for high-income taxpayers to ensure compliance with the principle of vertical equity and increase revenues budget.

For example, in Australia five tax rates operates. People whose income for the year is less than \$ 6,000 are exempt from tax. Citizens whose incomes exceed 180 thousand dollars give 45% of theirs revenue to the state budget. In Canada, there is no taxable income up to 10.4 thousand Canadian dollars. But those who have received more than 128 thousand are required to pay 29% of their earnings to the treasury. 3. Preferential policies: streamlining benefits to vulnerable citizens and persons with service to the state.

For example, important type of tax incentives used in developed countries is a discount taxable income based on the number of children. 4. The mechanism of collecting taxes on other income: improving the taxation of income from financial investments, real property, passive income and control after them in order to eliminate the abuse in this area and increase tax revenues from these revenues. 5. Improving the efficiency of tax control: it will contribute to overcome the abuse that discredits the simplified taxation mechanism and use it for tax evasion. Streamlining the system of collecting taxes on passive income in order to stimulate investment.

For example, the main document serves as an informational basis for paying the tax in Austria is the tax declaration which the payer fills in by himself. This tax is paid in advance every quarter. The taxes must be paid by the 10th of March, June, September and December. 6. Involvement of shadow income: inventory tracking cash flow should be generated in the simplified tax system, control after using cash incomes should be done, legalization of unregistered economic activities should be

performed. 7. Mobilization the reserves of increasing tax revenue from personal income tax: personal income growth, increasing the number of employees, reducing migration of the working population, increased direct investment in the economy.

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## DEMOCRACY AS THE FOUNDATION OF THE UKRAINIAN STATE SYSTEM

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In the Constitution of Ukraine the foundation for the overall development of direct democracy is laid. Articles 1 and 5 of the Constitution stipulate that people of Ukraine perform original and supreme power in the country, is the bearer of sovereignty and the only statement of authority in the state. This defines the right of people to exercise the power directly and through the state and local authorities.

Among the forms of direct democracy, besides the election of representative bodies, the Constitution of Ukraine provides for the participation in national and local referendums and also the right of citizens to file individual or collective petitions, or personally appeal to the state and local authorities. These constitutional provisions are consistent with the requirements of Art. 21 of the Universal Declaration of Human Rights, which proclaims the right of everyone to take part in the government of his/her country, directly or through freely elected representatives. Some feature of Ukrainian constitutionalism is providing a high legal status for public, defining them as an important tool for the functioning of a democratic society, and increases the responsibilities of the state and local governments to the citizens.

The Constitution of Ukraine also enshrines the right of citizens to assemble peacefully and hold rallies and demonstrations. This form of direct participation involves discussion at a public meeting of important social and political issues in different areas, as well as issues related to elections, laws and individual state decisions.

However, the current political situation in our country clearly demonstrates the